

Message Text

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45

ACTION AF-18

INFO OCT-01 ISO-00 EB-11 SCEM-02 SCI-06 INT-08 COME-00

TRSE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 IGA-02 DRC-01 /179 W

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R 161517Z NOV 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1811

INFO AMEMBASSY AXQIJAN

AMEMBASSY FREETOWN

AMEMBASSY MONROVIA

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E.O. 11652: GDS

TAGS: ENRG, LI, NI

SUBJECT: LIBERIAN ATTEMPTS TO BUY NIGERIAN CRUDE OIL

REF: MONROVIA 5329, 5771 NOTAL

1. LIBERIAN AMBASSADOR TOLD US NOVEMBER 13 THAT HIS COUNTRY EAGER SECURE NIGERIAN OIL ON CONCESSIONAL TERMS, AND THAT LIBERIAN MINISTER CAME HERE FROM MONROVIA LAST WEEK TO MAKE HIS GOVERNMENT'S CASE. MINISTER AND AMBASSADOR CALLED ON GENERAL GOWON BUT WERE TOLD HE WOULD HAVE TO LOOK INTO THE MATTER, AND THAT EVEN HEAD OF STATE COULD NOT MAKE PROMISES WITHOUT CONSULTING SUBORDINATES WHO ALWAYS POINT OUT LAWS AND DECREES THAT OBVIATE ACTIONS GENERAL WOULD LIKE TO TAKE. ACCORDING AMBASSADOR, LIBERIANS CAME AWAY THINKING THEY HAD BEEN HAD AND CONCLUDING THAT BROTHERLY COOPERATION WITH NIGERIA IMPOSSIBLE SO FAR AS OIL CONCERNED. LIBERIAN AMBASSADOR COMMENTED TO US "BROTHERHOOD IS VERY, VERY COSTLY IN NIGERIA."

2. COMMENT: GOL AND OTHER AFRICAN GOVERNMENTS MAY NOT

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EMNRECIATE EXTRAORDINARY PRICE RISES WHICH HAVE TAKEN PLACE

SINCE AUGUST. PRODUCING COMPANIES WERE THEN SELLING THEIR NIGERIAN CRUDE FOR AROUND \$3.50 PER BARREL. SAME CRUDE TODAY IS NEARLY \$6. INCREMENTAL CRUDE AVAILABLE TO FMG (SO-CALLED PARTICIPATION AND ROYALTY OIL) IS CURRENTLY BEING OFFERED FOR NOT LESS THAN \$8.75 A BARREL. IN OTHER WORDS, AFRICAN GOVERNMENTS SEEKING CONCESSIONAL SALES ARE ASKING FMG TO FOREGO SIZEABLE AMOUNTS OF REVENUE IN NAME OF BROTHERHOOD.

3. FYI: REPORTEDLY, FMG ALSO CONCERNED THAT AFRICAN REQUESTS FOR NIGERIAN CRUDE AT CONCESSIONAL RATES MAY HAVE BEEN INSPIRED BY OIL COMPANIES WHICH THEN PROPOSED TO OBTAIN CRUDE FROM AFRICAN BUYERS IN RETURN FOR PRODUCT SUPPLY. WE UNDERSTAND NIGERIANS SAID AS MUCH TO MINFIN TOLBERT RECENTLY BUT LATTER APPARENTLY SUCCEEDED IN SATISFYING NIGERIANS THAT ANY CRUDE SUPPLIED TO LIBERIA WOULD BE REFINED AND CONSUMED THERE. WE ALSO UNDERSTAND FROM SONOCO REP WHO RECENTLY VISITED NIGERIA SEEKING 20 TO 50,000 B/D OF CRUDE (LAGOS 9191) THAT HE TOLD NIGERIANS REQUIREMENTS FOR LIBERIA WOULD BE INCLUDED IN THAT AMOUNT. SUNOCO REP ALSO POINTED OUT TO US THAT LIBERIAN REFINING CO. HAS EXCESS CAPACITY OF 5 TO 10,000 B/D WHICH COULD BE USED FOR SUPPLY OF PRODUCT TO NIGERIA (LAGOS 9163) BUT SAID HE HAD NOT DISCUSSED THIS POSSIBILITY WITH NIGERIANS. END FYI. REINHARDT

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